

Microenterprise Loan Program

Why?

Louisville Metro Community Action Partnership (LMCAP) realizes that for many low to moderate income entrepreneurs starting a new business and securing traditional business financing can be difficult. LMCAP is addressing these challenges by providing forgivable loans to help create or expand small businesses in Louisville/Jefferson County.

Microenterprises are a large part of Kentucky's workforce with more than 316,000 microenterprises employing over 400,000 people, according to the Association for Enterprise Opportunity. LMCAP believes that offering microenterprise loan and training programs will assist in creating self-employment and supplementary income opportunities and jobs for low to moderate income people.

What?

LMCAP microenterprise development program, CAP Enterprise, is designed to help microenterprises start, sustain or grow. A microenterprise is a small business that employs five or less people, including the owner.

Income Eligibility

The CAP Enterprise program is for businesses located in Louisville whose household income falls at or below 80% of the Area Median Income (AMI) listed below.

Persons in Household

50.1 -80% of AMI

1	\$ 34,000 or less
2	\$ 38,850 or less
3	\$ 43,700 or less
4	\$ 48,550 or less
5	\$ 52,450 or less
6	\$ 56,350 or less
7	\$ 60,250 or less
8	\$ 64,100 or less

CAP Enterprise Forgivable Loan

There are two program tracks to apply for the forgivable loan.

The **SPARK Program** is for new start-up businesses. Emerging entrepreneurs have an opportunity to apply for a \$5,000 start up loan. Applicants will need to complete an approved training program on how to start a business.

The **IGNITE Program** is for businesses that have been open for at least one year. Qualified applicants can apply for a forgivable loan up to \$10,000.



Loan Rates and Terms

Loans awarded to chosen businesses are interest free and entirely forgiven after one year. If a business fails to meet the one year threshold, the loan would have to be repaid. Awarded businesses must also agree to allow LMCAP staff to monitor their businesses monthly. Other terms and conditions may apply.

Business Criteria for Loan Applicants

Individuals or businesses that qualify for the CAP Enterprise forgivable loan include:

- Businesses that employ five or less employees including the owner.
- Business owner(s) household income must fall at or below 80% of AMI.
- The business must be located within Louisville/Jefferson County and the owner(s) must also reside in Louisville.
- Businesses must be willing to allow CAP staff to monitor business on a monthly basis until the loan is deemed forgiven, one year from the date of disbursement.
- Businesses and loans must be used for approved eligible activities.



How?

Contact CAP Enterprise if you need assistance in developing or expanding your microenterprise, phone: 574-5866, or 574-5168. E-mail: capenterprise@louisvilleky.gov

Eligible Activities

- Equipment purchase or rental
- Inventory
- Rent payment for office space
- Insurance
- Consulting services
- Training
- Advertising and marketing

Ineligible Activities

- Personal expenses
- Alcoholic beverages
- Lottery equipment and products
- Payroll
- Cigarettes and nicotine
- Facade and structural improvements
- Debt repayment
- Mortgage or rent for home-based business
- Homeowners insurance
- Court fees
- Purchase of property or land

The following business types and organizations are not eligible for the CAP Enterprise forgivable loan:

- Liquor stores
- Adult entertainment
- Gun sales
- Gambling
- Religious activities
- Real estate
- Non-profit organizations



Microenterprise Training and Development



The **Spark Business Development Training** is a program for low to moderate income entrepreneurs who want to develop a business plan and learn from experienced accountants, bankers and other business professionals. Participants will learn to develop a business plan and the basics for starting a business.

CAP Enterprise staff can also provide technical assistance to current business owners with training or connect them with other resources.

Who?

LMCAP is part of the Louisville Metro Department of Community Services and Revitalization.

The mission of LMCAP is to eliminate poverty and its effects among the residents of Metro Louisville, Kentucky, one family at a time.

Other programs that we offer include:

- Low Income Home Energy Assistance Program (LIHEAP)
- Education, Training and Employment Programs
- Job Readiness Program
- Senior Nutrition Services including Meals on Wheels

Contact (502) 574-1157 for more information about LMCAP's general programs or visit our web site, www.louisvilleky.gov/CAP. For more information about the microenterprise program, contact the CAP Enterprise office at 574-5866 or 574-5168.



Graduates from the first Spark training class held in 2011.



LOUISVILLE METRO DEPARTMENT OF
**COMMUNITY SERVICES
AND REVITALIZATION**

Greg Fischer, Mayor

Louisville Metro Council

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